



الوطنية  
شركة التأمين الوطنية



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اشارة رقم : م ح / 305 / 2017

Date : 30 / 7 / 2017

التاريخ : 2017 / 7 / 30

To : Jordan Securities Commission  
Amman Stock Exchange

السادة : هيئة الاوراق المالية  
السادة بورصة عمان

Subject : Semi – Annual Report as of 30/6/2017

الموضوع : التقرير نصف السنوي كما هو في

2017/6/30

Attached the company's Semi – Annual Report  
of 30/6/2017 In English, In addition to CD  
containing the required material in PDF format

مرفق طيه نسخة من التقرير نصف السنوي  
لشركة التأمين الوطنية م.ع.م عن الفترة المالية  
المنتهية بتاريخ 2017/6/30 باللغة الانجليزية،  
بالاضافة الى CD بصيغة PDF للمادة  
المطلوبة.

kindly accept our highly appreciation and respect

وتفضلوا بقبول فائق الاحترام ،،،

National Insurance Co

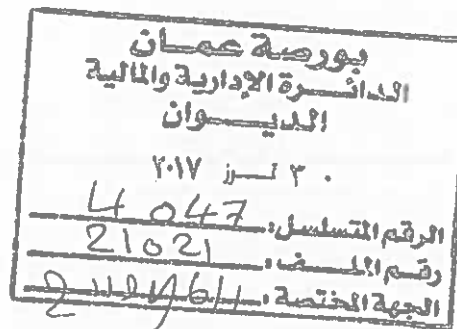
General Manager

Manal Jarrar

شركة التأمين الوطنية م.ع.م

المدير العام

منال جرار



**NATIONAL INSURANCE COMPANY**

**(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**30 JUNE 2017**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF NATIONAL INSURANCE COMPANY**

**AMMAN - JORDAN**

**Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of **NATIONAL INSURANCE COMPANY** (a public shareholding company) and its subsidiary ("the Group") as of 30 June 2017, comprising of interim consolidated statement of financial position as of 30 June 2017 and the related interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity, and interim consolidated statement of cash flows for six months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

**Other Matters**

The interim condensed consolidated financial statements have been prepared for the purposes of Jordan Securities Commission and management and do not require the Insurance Department approval.

Amman – Jordan  
24 July 2017



**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	<u>Notes</u>	<u>30 June 2017</u>	<u>31 December 2016</u>
		<u>JD</u>	<u>JD</u>
		<u>(Unaudited)</u>	<u>(Audited)</u>
<b>Assets</b>			
<b>Investments -</b>			
Deposits at banks	3	8,988,910	9,323,666
Financial assets at fair value through other comprehensive income		3,759,781	3,830,073
Financial assets at amortized cost		1,898,016	1,900,212
Investment properties		508,074	702,049
<b>Total Investments</b>		<u>15,154,781</u>	<u>15,756,000</u>
<b>Other assets -</b>			
Cash on hands and at banks		923,985	1,057,347
Notes receivables and checks under collection		1,518,629	1,246,493
Accounts receivable, net	4	6,951,554	4,612,892
Reinsurance receivables, net	5	455,669	378,060
Deferred tax assets	6	197,145	175,367
Property and equipment, net		700,643	645,629
Other assets		1,288,426	1,168,007
<b>Total Assets</b>		<u>27,190,832</u>	<u>25,039,795</u>
<b>Liabilities and Equity</b>			
<b>Technical Reserves</b>			
Unearned premium reserve, net		6,467,806	5,314,664
Outstanding claims reserve, net		5,447,138	5,304,111
Mathematical reserve, net		79,995	51,480
<b>Total Technical Reserves Liabilities</b>		<u>11,994,939</u>	<u>10,670,255</u>
<b>Other liabilities</b>			
Accounts payable		995,699	914,154
Accrued expenses		58,319	41,228
Reinsurance payables		2,301,201	1,342,138
Other provisions		36,834	64,097
Income tax provision	6	262,891	438,301
Other liabilities		1,335,281	1,269,981
<b>Total Liabilities</b>		<u>16,985,164</u>	<u>14,740,154</u>
<b>Equity</b>			
Paid in capital		8,000,000	8,000,000
Statutory reserve		1,155,802	1,155,802
Voluntary reserve		311,000	11,000
Fair value reserve		(472,201)	(279,525)
Retained earnings	10	327,284	1,412,364
Profit for the period		883,783	-
<b>Total Equity</b>		<u>10,205,668</u>	<u>10,299,641</u>
<b>Total Liabilities and Equity</b>		<u>27,190,832</u>	<u>25,039,795</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements and to be read with them

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONSOLIDATED INCOME STATEMENT  
FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	Three months ended 30 June		Six months ended 30 June	
Notes	2017	2016	2017	2016
	JD	JD	JD	JD
<b>Revenues –</b>				
Gross written premiums	4,481,383	4,184,110	11,445,925	10,551,424
Less: reinsurance share	928,223	1,527,309	4,006,912	4,401,989
Net written premiums	3,553,160	2,656,801	7,439,013	6,149,435
Net change in unearned premiums reserve	(242,264)	258,326	(1,153,142)	(265,386)
Net change in mathematical reserve	20,209	85	(28,515)	(42,061)
Net earned premiums	3,331,105	2,915,212	6,257,356	5,841,988
Commissions income	246,401	233,650	397,269	381,410
Insurance policies issuance fees	178,848	154,648	473,451	434,929
Other income related to written premiums	20,152	229,779	21,526	61,729
Interest income	119,614	(3,605)	248,319	231,958
Gain from financial assets	180,879	(14,581)	234,265	108,469
Gain from selling of investment properties	82,819	-	205,080	-
Other income	6,561	617	52,987	1,309
<b>Total revenues</b>	<b>4,166,379</b>	<b>3,515,720</b>	<b>7,890,253</b>	<b>7,061,792</b>
<b>Claims, losses and related expenses</b>				
Paid claims	4,003,212	4,859,212	7,835,228	9,058,863
Less: recoveries	519,894	725,843	1,135,166	1,387,509
Less: reinsurance share	748,668	1,666,442	1,715,650	2,941,382
Paid claims, net	2,734,650	2,466,927	4,984,412	4,729,972
Net change in claims reserve	(24,513)	(208,608)	143,027	(109,253)
Policies acquisition costs	199,167	153,769	407,178	363,915
Excess of loss premiums	61,004	253,374	153,747	318,877
Allocated employees' expenses	237,057	250,889	413,603	450,031
Allocated administrative and general expenses	99,517	93,347	238,088	217,905
Other expenses related to written premiums	160,622	137,217	292,184	265,664
<b>Net Claims costs</b>	<b>3,467,504</b>	<b>3,146,915</b>	<b>6,632,239</b>	<b>6,237,111</b>
Unallocated employees' expenses	32,690	26,210	54,023	45,581
Depreciation and amortization	16,800	15,663	32,522	31,822
Unallocated administrative and general expenses	28,309	23,336	62,952	54,476
<b>Total expenses</b>	<b>77,799</b>	<b>65,209</b>	<b>149,497</b>	<b>131,879</b>
<b>Profit for the period before tax</b>	<b>621,076</b>	<b>303,596</b>	<b>1,108,517</b>	<b>692,802</b>
Income tax expenses	6 (123,139)	(60,177)	(224,734)	(146,161)
<b>Profit for the period</b>	<b>497,937</b>	<b>243,419</b>	<b>883,783</b>	<b>546,641</b>
	JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share	7 0/062	0/03	0/110	0/068

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements and to be read with them

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	<u>Three months ended 30 June</u>		<u>Six months ended 30 June</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Profit for the period	497,937	243,419	883,783	546,641
<b>Add: Other comprehensive income items after tax not to be reclassified to profit and loss in subsequent periods:</b>				
Changes in fair value of financial assets at fair value through other comprehensive income, after tax	(370,687)	(89,016)	(192,676)	(204,822)
Gain on sale of financial assets at fair value through other comprehensive income	<u>138</u>	<u>(7,229)</u>	<u>14,920</u>	<u>46,965</u>
<b>Total comprehensive income for the period</b>	<u><u>127,388</u></u>	<u><u>147,174</u></u>	<u><u>706,027</u></u>	<u><u>388,784</u></u>

**The attached notes 1 to 15 form part of these interim condensed consolidated financial statements and to be read with them**

**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	Paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Profit for the period	Total
	JD	JD	JD	JD	JD	JD	JD
<b>For the period ended 30 June 2017 -</b>							
Balance at 1 January 2017	8,000,000	1,155,802	11,000	(279,525)	1,412,364	-	10,299,641
Total comprehensive income for the period	-	-	-	(192,676)	14,920	883,783	706,027
Transfer to voluntary reserve (note 13)	-	-	300,000	-	(300,000)	-	-
Cash dividends (note 14)	-	-	-	-	(800,000)	-	(800,000)
<b>Balance at 30 June 2017</b>	<b>8,000,000</b>	<b>1,155,802</b>	<b>311,000</b>	<b>(472,201)</b>	<b>327,284</b>	<b>883,783</b>	<b>10,205,668</b>
<b>For the period ended 30 June 2016 -</b>							
Balance at 1 January 2016	8,000,000	975,643	11,000	(116,090)	727,405	-	9,597,958
Total comprehensive income for the period	-	-	-	(204,822)	46,965	546,641	388,784
Cash dividends (note 14)	-	-	-	-	(560,000)	-	(560,000)
<b>Balance at 30 June 2016</b>	<b>8,000,000</b>	<b>975,643</b>	<b>11,000</b>	<b>(320,912)</b>	<b>214,370</b>	<b>546,641</b>	<b>9,426,742</b>

An amount of JD 197,145 is restricted from the retained earnings which represents deferred tax assets as of 30 June 2017, in addition to an amount of JD 472,201 restricted from retained earnings according to The Jordan Securities Commission regulations representing the negative fair value reserve as of 30 June 2017.

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements and to be read with them

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	Note	30 June 2017 JD	30 June 2016 JD
<b>OPERATING ACTIVITIES</b>			
Profit for the period before tax		1,108,517	692,802
<b>Adjustment for non-cash items</b>			
Depreciation and amortization		32,522	31,822
Gain on sale property and equipment		(6,599)	(54)
Net change in unearned premiums reserve		1,153,142	265,386
Net change in outstanding claims reserve		143,027	(109,253)
Net change in mathematical reserve		28,515	42,061
Insurance Department fees provision		73,498	47,461
Group life insurance fees provision		4,591	10
Gain from selling investment properties		(205,080)	-
Discount amortization of financial assets at amortize cost		2,196	-
Gain on Currencies exchange		(67)	(1,255)
<b>Cash flows from operating activities before changes in working capital</b>		2,334,262	968,980
Notes receivables and checks under collection		(272,136)	(91,519)
Accounts receivable		(2,338,662)	(1,813,077)
Reinsurance receivables		(77,609)	(62,965)
Other assets		(120,419)	(7,089)
Accounts payable		81,545	157
Accrued expenses		17,091	(5,117)
Reinsurance payables		959,130	541,447
Other provisions		(105,352)	(91,092)
Other payables		65,300	105,534
<b>Net cash flows from (used in) operating activities before tax</b>		543,150	(454,741)
Income tax paid on interest		(9,405)	-
Income tax paid		(412,517)	(315,238)
<b>Net cash flows from (used in) operating activities</b>		121,228	(769,979)
<b>INVESTING ACTIVITIES</b>			
Term deposits due in more than three months		(391,418)	761
Purchase of financial assets at fair value through other comprehensive income		(355,147)	(146,715)
Proceeds from sale of financial assets at fair value through other comprehensive income		247,682	152,780
Purchase of property and equipment		(77,259)	(3,477)
Purchase of financial assets at amortized cost		-	(1,618,749)
Proceeds from maturity of financial assets at amortized cost		-	999,711
Proceeds from sale of investment properties		388,777	-
Purchase of investment properties		-	(9,440)
Proceeds from sale of Property and Equipment		6,600	750
<b>Net cash flows (used in) investing activities</b>		(180,765)	(624,379)
<b>FINANCING ACTIVITIES</b>			
Dividends		(800,000)	(560,000)
<b>Net cash flows used in financing activities</b>		(800,000)	(560,000)
<b>Net decrease in cash and cash equivalent</b>		(859,537)	(1,954,358)
Cash and cash equivalents at beginning of the period		2,623,847	3,942,732
<b>Cash and cash equivalents at the end of the period</b>	8	1,764,310	1,988,374

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements and to be read with them



**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
STATEMENT OF UNDER WRITING REVENUES FOR THE LIFE INSURANCE  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	Life	
	Six months ended 30 June	
	2017	2016
	JD	JD
<b>Written Premiums –</b>		
Direct insurance business	291,767	288,726
Reinsurance inward business	69,336	3,983
Total written premiums	361,103	292,709
Less:		
Local reinsurance share	60,300	-
Foreign reinsurance share	191,990	171,348
Net Premiums	108,813	121,361
Add:		
Balance at the beginning of the period	111,284	111,459
Less: reinsurance share	59,804	56,490
Net mathematical reserve beginning of the period	51,480	54,969
Less:		
Balance at the end of the period	240,826	228,978
Less: Reinsurance share	160,831	131,948
Net mathematical reserve end of the period	79,995	97,030
<b>Net earned revenue from written Premiums- net</b>	<b>80,298</b>	<b>79,300</b>

**The attached notes 1 to 15 form part of these interim condensed consolidated financial statements and to be read with them**

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	Life	
	Six months ended 30 June	
	2017	2016
	JD	JD
Paid claims	71,449	151,430
Less:		
Foreign Reinsurance Share:	(56,239)	(117,652)
Net paid claims	15,210	33,778
Add:		
Claims reserve at the end of the period		
Reported	140,642	61,867
Not reported	25,626	23,520
Less:		
Reinsurance share	(118,236)	(53,697)
Net claims reserve at the end of the period	48,032	31,690
Reported	35,029	20,338
Not reported	13,003	11,352
Less:		
Claims reserve beginning of the period		
Reported	67,627	58,361
Not reported	21,523	23,776
Less:		
Reinsurance share	(57,455)	(51,190)
Net claims reserve beginning of the period	31,695	30,947
Net claims cost	31,547	34,521

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements and to be read with them

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
STATEMENT OF UNDER WRITING PROFITS FOR THE LIFE INSURANCE  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	Life	
	Six months ended 30 June	
	2017	2016
	JD	JD
Net earned revenue from written premiums	80,298	79,300
Less:		
Net claims cost	31,547	34,521
Add:		
Commissions received	3,893	1,020
Insurance policies issuance fees	3,708	3,293
Other income	-	1,384
<b>Total revenues</b>	<b>7,601</b>	<b>5,697</b>
Less:		
Policy acquisition cost	3,618	5,026
Allocated administrative and general expenses	23,583	17,217
Other expenses	6,414	-
<b>Total expenses</b>	<b>33,615</b>	<b>22,243</b>
<b>Underwriting profit</b>	<b>22,737</b>	<b>28,233</b>

**The attached notes 1 to 15 form part of these interim condensed consolidated financial statements and to be read with them**

**PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF UNDER WRITING REVENUES FOR THE GENERAL INSURANCE**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	Motor		Marine and transportations				Fire and property				Liability				Medical				Total	
	2017		2016		2017		2016		2017		2016		2017		2016		2017		2016	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Written Premiums:																				
Direct insurance	5,013,487	4,337,664	423,336	386,776	1,356,964	1,389,044	16,994	59,628	3,731,134	3,487,408	10,541,915	9,660,520								
Optional reinsurance inward business	400,396	467,785	16,835	1,451	120,783	128,695	4,893	264	-	-	542,907	598,195								
Total Premiums	5,413,883	4,805,449	440,171	388,227	1,477,747	1,517,739	21,887	59,892	3,731,134	3,487,408	11,084,822	10,258,715								
Less:																				
Local reinsurance share	74,616	134,375	-	-	223,113	228,758	164	131	-	-	297,893	353,264								
Foreign reinsurance share	158,565	194,134	349,842	281,561	950,753	1,015,742	8,732	47,073	1,988,837	2,328,867	3,456,729	3,867,377								
Net Written Premiums	5,180,702	4,476,940	90,329	106,666	303,881	273,239	12,991	12,688	1,742,297	1,158,541	7,330,200	6,028,074								
Add:																				
Balance at the beginning of the period																				
Unearned premiums reserve	5,239,964	5,144,473	188,847	344,476	1,314,284	1,269,328	155,366	251,484	681,516	624,601	7,559,977	7,634,362								
Less: Reinsurance share	283,155	311,835	152,846	250,227	1,205,312	1,139,862	140,938	236,808	463,062	437,220	2,245,313	2,375,952								
Net Unearned Premiums Reserve	4,956,809	4,832,638	36,001	94,249	108,972	129,466	14,428	14,676	198,454	187,381	5,314,664	5,258,410								
Less:																				
Balance at the end of the period																				
Unearned premiums reserve	5,505,613	4,986,645	204,900	211,644	1,395,700	1,486,242	93,156	93,625	2,064,212	1,880,048	9,263,581	8,658,204								
Less: Reinsurance share	251,884	308,954	162,901	162,368	1,171,918	1,265,093	79,970	81,959	1,128,102	1,316,034	2,785,775	3,134,408								
Unearned Premiums Reserve- net	5,253,729	4,677,691	41,999	49,276	223,782	221,149	13,186	11,666	935,110	564,014	6,467,806	5,523,796								
Earned revenue from written Premiums- net	4,883,782	4,631,887	84,331	151,639	189,071	181,556	14,233	15,698	1,005,641	781,908	6,177,058	5,762,688								

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements and to be read with them

**PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	5,562,442	5,475,822	33,482	261,714	153,603	987,463	32,612	103,475	1,981,640	2,098,959	7,763,779	8,907,433
Less:												
Recoveries	1,099,126	1,254,495	-	-	4,473	83,717	-	-	31,567	49,297	1,135,165	1,387,509
Local reinsurance share	2,601	3,063	-	-	3,588	9,727	-	-	-	-	6,189	12,780
Foreign reinsurance share	195,723	186,140	22,718	248,049	122,025	849,924	32,612	100,930	1,280,144	1,425,897	1,653,222	2,810,940
Net Paid Claims	4,264,992	4,032,124	10,764	13,665	23,517	24,095	-	2,545	669,929	623,765	4,969,202	4,696,194
Add:												
Outstanding Claims Reserve at end of the period												
Reported	4,999,721	5,586,909	493,953	297,866	3,210,836	3,397,547	211,907	219,829	236,703	135,057	9,153,120	9,637,208
Not reported	534,651	500,249	9,047	10,038	59,387	27,921	1,861	4,513	427,034	348,508	1,031,980	891,229
Less:												
Reinsurance share	462,508	475,084	422,782	251,414	3,106,712	3,235,545	170,834	179,188	376,785	338,496	4,539,621	4,479,727
Recoveries	246,373	431,888	-	-	-	-	-	-	-	-	246,373	431,888
Net Outstanding Claims Reserve at end of the period	4,825,491	5,180,196	80,218	56,490	163,511	189,923	42,934	45,154	286,932	145,059	5,399,106	5,616,822
Reported	4,318,337	4,714,217	78,421	53,628	127,335	186,009	42,661	44,859	81,433	40,517	4,648,187	5,039,230
Not reported	507,154	465,969	1,797	2,862	36,176	3,914	273	295	205,519	104,542	750,919	577,592
Less:												
Net outstanding claims reserve at beginning of the period												
Reported	5,187,560	5,792,969	403,755	522,550	3,351,923	3,349,796	225,073	267,559	148,718	163,404	9,317,029	10,066,278
Not reported	504,230	505,638	8,528	12,200	72,787	74,457	2,241	5,919	399,333	350,822	977,119	949,036
Less:												
Reinsurance share	656,262	538,148	352,743	455,816	3,252,556	3,249,797	192,810	217,104	376,636	359,958	4,831,007	4,820,823
Recoveries	190,725	497,673	-	-	-	-	-	-	-	-	190,725	497,673
Net Outstanding Claims Reserve at beginning of the period	4,844,803	5,262,786	59,540	78,934	172,154	174,456	34,504	56,374	161,415	154,268	5,272,416	5,726,818
Net Claims Cost	4,245,690	3,949,524	31,442	(8,779)	14,874	39,562	8,430	(8,675)	795,466	614,566	5,095,892	4,586,199

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements and to be read with them

**PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF UNDERWRITING PROFITS FOR THE GENERAL INSURANCE**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	4,883,782	4,631,887	84,331	151,639	188,071	181,556	14,233	15,698	1,005,641	781,908	6,177,058	5,762,888
Less:												
Net claims cost	4,245,690	3,949,524	31,442	(8,779)	14,874	39,562	8,430	(8,675)	795,466	614,566	5,095,892	4,586,198
Add:												
Commissions received	32,019	39,673	241,548	190,449	118,406	140,668	1,403	9,600	-	-	393,376	380,390
Insurance policies issuance fees	284,089	241,818	9,901	10,063	26,816	27,922	474	793	148,463	151,040	469,743	431,636
Other income related to written premiums	21,526	38,690	-	21,655	-	-	-	-	-	-	21,526	60,345
Total revenues	337,634	320,181	251,449	222,167	145,222	168,590	1,877	10,393	148,463	151,040	884,645	872,371
Less:												
Policies acquisition cost	329,828	274,655	9,568	10,901	39,138	41,997	2,332	847	22,694	30,489	403,560	358,889
Excess of loss premiums	102,747	289,377	7,500	8,000	43,500	41,500	-	-	-	-	153,747	318,877
Allocated general and administrative expenses	357,768	366,888	35,475	32,992	87,698	81,239	5,158	8,337	142,009	161,263	628,108	650,719
Other expenses	91,829	71,034	349	311	908	1,414	-	-	192,684	192,905	285,770	265,664
Total Expenses	882,172	981,954	52,892	52,204	171,244	166,150	7,490	9,184	357,387	384,657	1,471,185	1,594,149
Underwriting profit (loss)	93,564	20,590	251,446	330,381	148,175	144,434	190	25,582	1,251	(66,275)	494,626	454,712

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements and to be read with them

**(1) GENERAL**

National Insurance Company ("Company") was established after the merger between Al-Watania Insurance Company (established in 1965) and Al-Ahlia Insurance Company established in 1986 according to the companies law number 1964 for insurance practice. The company was registered in the Companies Control Department in the Ministry of Industry and Trade as a public shareholding company, under the registration number (199) on 9 January 1986. The Company got the life insurance license on the 6 August 1995. The Company's authorized and paid in capital is JD 8,000,000 divided into 8,000,000 shares at par value of JD 1 each.

The Company is engaged in all kinds of insurance, such as motor, marine, transportation, fire and property risk, liability, medical, personal accident and life.

The consolidated financial statements have been approved by the board of directors in its meeting on 24 July 2017

**(2) Basis of preparation**

The interim condensed consolidated financial statements for the Group as of 30 June 2017 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The Jordanian Dinar is the functional and reporting currency of the financial statements.

The financial statements have been prepared on historical cost basis, except for financial assets at fair value through other comprehensive income that have been measured at fair value.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual report as at 31 December 2016. In addition, the results for the six months ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

### **Basis of consolidation**

The consolidated financial statements comprise the financial statements of National Insurance Company (the "Company"), and its subsidiary (referred to together as the "Group") as of the 30 June 2017:

<u>Company's Name</u>	<u>Legal form</u>	<u>Country incorporation</u>	<u>Ownership Percentage</u>
Nai for Real Estate Investments Co.*	Limited Liability Company	Jordan	100%

\* Nai Real Estate Investment Company Ltd. was established with a capital of JD 60,000. The Company was registered with the Ministry of Industry and Trade on 16 March 2008 and it is wholly owned by the National Insurance Company. The company did not start operations to the date of these consolidated financial statements.

The subsidiary is consolidated from the date control achieved, and continue to be consolidated until the date when such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiary are prepared for the same reporting year as for the Company and using consistent accounting policies.

All intra-group transactions, balances, income, expenses between the subsidiary and the parent are eliminated in full on consolidation.

### **Changes in accounting policies**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new amendments effective as of 1 January 2017.

#### **Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative**

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Group's interim condensed consolidated financial statements.

#### **Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognized Losses**

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Group's interim condensed consolidated financial statements.



**NATIONAL INSURANCE COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2017 (UNAUDITED)**

**(3) DEPOSITS AT BANKS**

30 June 2017				31 December 2016
Deposits due within a month	Deposits due from 1 to 3 months	Deposits due from 3 months to 1 year	Total	Total
JD	JD	JD	JD	JD
			(Unaudited)	(Audited)
840,325	-	8,148,585	8,988,910	9,323,666

Interest rates on bank deposit balances in Jordanian Dinar ranges from 3.75% to 5% during the period ended 30 June 2017.

The restricted deposits amounted to JD 325,000 as of 30 June 2017 and 31 December 2016 in the Commercial Bank of Jordan is pledged on behalf of the Ministry of Trade and Finance presented by its prime minister secretary general.

**(4) ACCOUNTS RECEIVABLE, NET**

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Policy holders receivables	6,311,153	4,272,098
Agents receivables	797,002	608,733
Brokers receivables	653,409	639,578
Employees receivables	68,539	64,542
Other receivables	131,451	37,941
	7,961,554	5,622,892
Less: allowance for doubtful debts	(1,010,000)	(1,010,000)
	6,951,554	4,612,892

**NATIONAL INSURANCE COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2017 (UNAUDITED)**

**(5) REINSURANCE RECEIVABLES, NET**

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	371,292	368,957
Foreign reinsurance companies	208,719	133,445
Less: allowance for doubtful debt for reinsurance receivables	(124,342)	(124,342)
Net reinsurance receivables	455,669	378,060

**(6) INCOME TAX PROVISION**

**A- Income tax provision**

The movement on the income tax provision is as follows:

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Balance at beginning of the period / year	438,301	341,022
Income tax paid	(412,517)	(315,238)
Income tax expense for the period / year	246,512	412,517
Income tax on banks interest income	(9,405)	-
	262,891	438,301

Income tax expense included in the consolidated income statement represents the following:

	30 June 2017	30 June 2016
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period	246,512	115,914
Deferred tax assets additions	(191,499)	(155,034)
Deferred tax assets reversals	169,721	185,281
	224,734	146,161

**NATIONAL INSURANCE COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2017 (UNAUDITED)**

The reconciliation between accounting profit and taxable profit is as follows:

	30 June 2017 JD (Unaudited)	30 June 2016 JD (Unaudited)
Accounting profit	1,108,517	692,802
Non-taxable income	(934,240)	(883,951)
Non-deductible expenses	852,857	674,125
Taxable profit	1,027,134	482,976
Income tax rate	24%	24%
Income tax for the period	246,512	115,914

Final reconciliation was reached with Income and Sales Tax Department up to 2014. In the opinion of the Company's management and tax advisor, the income tax provision is sufficient to meet any tax exposure.

The Company calculated the accrued income tax for the period ended 30 June 2017 in accordance with 2014 income tax Law No. (34).

**B- Deferred tax assets**

	30 June 2017				2016 December 31
	Beginning Balance JD	Released JD	Additions JD	Ending Balance JD	Deferred Tax JD (Unaudited)
					Deferred Tax JD (Audited)
Provisions for IBNR claims	649,200	(649,200)	763,922	763,922	183,342
Provision for unearned premiums	25,201	(25,201)	29,399	29,399	7,056
Provision for end of service indemnity	25,509	-	-	25,509	6,122
Group life insurance fees provision	2,661	(4,646)	4,591	2,606	625
Provision for board of directors remuneration	28,125	(28,125)	-	-	-
	730,696	(707,172)	797,912	821,436	197,145
					175,367

**NATIONAL INSURANCE COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2017 (UNAUDITED)**

Movement on deferred tax assets is as follows:

	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Balance beginning of the period / year	175,367	200,833
Additions	191,499	174,130
Disposals	(169,721)	(199,596)
Balance end of the period / year	197,145	175,367

The tax rate used to calculate the deferred tax is 24% and the management is certain that 100% will be recoverable in the future. Since the items within the deferred tax assets are subject to the Income Tax Law and are included in the tax base for calculating for Company's income tax.

**(7) EARNINGS PER SHARE**

The earnings per share is calculated by dividing the profit for the period over the weighted average number of shares for the period as follows:

	Three months ended 30 June		Six months ended 30 June	
	2017 JD (Unaudited)	2016 JD (Unaudited)	2017 JD (Unaudited)	2016 JD (Unaudited)
Profit for the period (JD)	497,937	243,419	883,783	546,641
Weighted average number of shares (Share)	8,000,000	8,000,000	8,000,000	8,000,000
	Fils/ JD	Fils/ JD	Fils/ JD	Fils/ JD
Earnings per share for the period	0/062	0/03	0/110	0/068

**(8) CASH AND CASH EQUIVALENTS**

	30 June 2017 JD (Unaudited)	30 June 2016 JD (Unaudited)
Cash on hands and at banks	923,985	184,519
Add: deposits at banks	8,988,910	9,638,781
Less: deposits at banks with maturities between three in months to one year	8,148,585	7,834,926
Net Cash and cash equivalent	1,764,310	1,988,374

**NATIONAL INSURANCE COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2017 (UNAUDITED)**

**(9) RELATED PARTY TRANSACTIONS**

The Company has entered into transactions with major shareholders, board members and the higher management in the normal course of business at commercial rate. All insurance receivables granted to related parties are considered to be performing and no provision is required for them except for the amount of JD 83,193 recorded in the provision for doubtful debts.

Below is a summary of related parties transactions during the period:

	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
<b><u>Statement of financial position:</u></b>		
Account receivables	714,152	597,135
Account payables	-	10,157

	30 June 2017 JD (Unaudited)	30 June 2016 JD (Unaudited)
<b><u>Income statement:</u></b>		
Written premium	953,423	887,565

Compensations of key management personal of the Company (salaries, bonuses, and other benefits) are as follows:

	30 June 2017 JD (Unaudited)	30 June 2016 JD (Unaudited)
Salaries and benefits	174,895	149,686

**(10) RETAINED EARNINGS**

	30 June 2017 JD (Unaudited)	30 June 2016 JD (Unaudited)
Beginning balance	1,412,364	727,405
Transferred to voluntary reserve	(300,000)	-
Period profit	-	1,363,603
Gain on sale of financial assets at fair value through other comprehensive income	14,920	61,515
Cash dividends	(800,000)	(560,000)
Transferred to statutory reserve	-	(180,159)
<b>Ending balance</b>	<b>327,284</b>	<b>1,412,364</b>

**(11) LAWSUITS AGAINST THE COMPANY**

The Company is defendant in a number of lawsuits by amount of JD 1,991,450. The Company's lawyers and management believe that the provision amounted to JD 1,991,450 as at 30 June 2017 is sufficient to meet the obligations that may arise from these lawsuits.

**(12) CONTINGENT LIABILITIES**

The Company has bank guarantees amounting to JD 603,366 as at 30 June 2017 and JD 619,852 as at 31 December 2016.

**(13) RESERVES**

**Statutory reserve**

The Company did not apportioned any amount to the statutory reserves, since these are interim financial statements.

**Voluntary reserve**

The Company's General Assembly approved in its meeting held on 26 March 2017 to transfer JD 300,000 from retained earnings to the voluntary reserve to support the Company's plans.

**(14) DIVIDENDS**

The Company's General Assembly approved in its meeting held on 26 March 2017 cash dividends of 10% of the paid in capital for 2016 (2015: 7%).

**(15) STATEMENT OF FINANCIAL POSITION FOR LIFE ASSURANCE BUSINESS**

	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
<b>Assets</b>		
Accounts receivable	169,926	52,309
<b>Total Assets</b>	<b>169,926</b>	<b>52,309</b>
<b>Liabilities and Equity</b>		
Outstanding claims reserve, net	48,032	31,695
Mathematical reserve, net	79,995	51,480
<b>Total Technical Reserves</b>	<b>128,027</b>	<b>83,175</b>
Accounts payable	7,215	5,917
Head Office account	34,684	(36,783)
<b>Total Liabilities</b>	<b>169,926</b>	<b>52,309</b>